

MEDICAL CENTER

NAME _____ AGE _____
ADDRESS _____ DATE _____

R_x

PREVENTATIVE
'MEDICINE' FOR
INVESTMENT FRAUD

☐ LABEL

SIGNATURE _____

REFILL 0 1 2 3 4 5 PRN NR

Acknowledgement

- Parts of this presentation are based on the Elder Investment Fraud and Financial Exploitation (EIFFE) prevention program and materials.
 - Created by Baylor College of Medicine in partnership with the Investor Protection Trust
 - Goal = to train physicians, Adult Protective Services professionals and senior caregivers to identify and assist those individuals at risk of elder investment fraud due to mild cognitive impairment (MCI)
 - <http://www.investorprotection.org/ipt-activities/?fa=eiffe-pp>
 - <http://kfi.ky.gov/public/Pages/eiffe.aspx>



Learning Objectives

- List key factors that increase an older person's vulnerability to elder investment fraud and financial exploitation.
- Describe common financial exploitation schemes and practices.
- Describe when and where to refer patients deemed high risk to appropriate sources of assistance.

What is DFI?

- Department of Financial Institutions – state regulator
 - Securities Division – investment advisers, brokers, issuers, offerings
 - Nondepository Institutions Division – mortgage lenders and individuals, check cashers, other lenders, money transmitters
 - Depository Institutions Division – state-chartered banks, trusts, credit unions
- Licenses and registers firms and individuals
- Conducts examinations
- Investigates complaints or potential fraud
- Provides educational materials for consumers

Financial Abuse and Fraud Happen

- Two nationally representative studies found 4-5% of older adults in the US have been victims of financial abuse*
 - Similar prevalence to heart attacks and higher than that of congestive heart failure (1-2%)
- Another national study shows more than 7.3 million older Americans have been victimized by a financial swindle**
 - That's 1 in 5 citizens over age 65!

*Acierno et al., 2010; Laumann et al., 2008

http://www.americanheart.org/downloadable/heart/1200078608862HS_Stats%202008.final.pdf

**2010 survey titled Elder Investment Fraud and Financial Exploitation

<http://www.investorprotection.org/ipt-activities/?fa=research>

Seniors Are Targets

- 31% of all securities enforcement actions involve senior investment fraud
- Seniors have built up savings – and con artists know it
- Large population – Baby Boomers
- Aging affects everyone

Aging Affects Everyone

- Common changes with age and geriatric problems
 - Hearing
 - Vision
 - Memory loss
 - Dependence on others
- Environmental factors
 - Access to health care and resources
 - Social isolation
 - Unsafe neighborhood
- Coping mechanisms
 - Losses
 - Role changes
 - Adapting

Why Seniors Are Victims

- Top behaviors that put those age 50+ more at risk:
 - Opening and reading all junk mail
 - Attending free lunch seminars
 - Entering drawings to win a free prize
 - Inviting salespeople into the home
- Older fraud victims more likely to do these activities
- Scams are underreported – only 25% of victims 50+
- Victims 55+ were significantly
 - Less likely to acknowledge they were defrauded
 - Less likely to report victimization

Increased Risk Factors

- 35% (8.8 million) of Americans over the age of 71 have either mild cognitive impairment (MCI), dementia, or changes in executive cognitive functions*
- Persons with changes in the prefrontal cortex of the brain are less risk averse than those without (i.e. willing to gamble)
- MCI patients are four times more likely to make financial errors than those without this condition
- Persons over age 71 (25,000,000 in the U.S.) who have MCI or full dementia number almost 9 million (35%)
- Persons with Parkinson's disease, diabetes and other cerebrovascular disease also have an increase in being defrauded

* Plassman, BL et al. *Annals of Internal Medicine*, Vol. 148, No. 6, pp. 427-434, March 18, 2008

Fraud Can Happen to Anyone

“To those seniors and especially elderly veterans like myself, I want to tell you this: You are not alone and you have nothing to be ashamed of. If elder abuse happened to me, it can happen to anyone.”



Mickey Rooney

March 2, 2011

Testimony to Senate Special Committee on Aging

What Is Financial Exploitation?

- KRS 209.020(9)
 - “Obtaining or using another person’s resources, including but not limited to funds, assets, or property, by deception, intimidation, or similar means, with the intent to deprive the person of those resources”
- Financial exploitation is one form of elder abuse
 - May include securities fraud and lending fraud
- Mandatory reporting of elder abuse
 - 800-752-6200
 - It’s the law

Financial Abuse Has Costs – National*

- 1 in 14 cases reported – abuse/neglect
- 1 in 25 cases reported – financial exploitation

Most Common Types of Abuse	
26.7%	Self Neglect
23.7%	Caregiver Neglect
20.8%	Financial/Material Exploitation
13.6%	Emotional/Psychological
12.5%	Physical
0.7%	Sexual
2%	Other

- More frequently committed by family/caretakers
- Increase in age also increases likelihood

*National Center on Elder Abuse 2004 Survey

Financial Abuse Has Costs - Kentucky

- There were 1,860 total substantiated reports to APS in Kentucky in 2013 regarding adults 60+ *
- Exploitation = 298 of those substantiated cases
 - Average of 310 per year over the last five years

How It Relates

- Multiple forms of abuse may occur simultaneously
- Reporting one type may uncover more
- If family/caregiver is culprit, it's up to someone else to report it

Statewide APS Data from the Kentucky Elder Abuse Committee Annual Report 2013

<http://chfs.ky.gov/NR/rdonlyres/7286125E-B9FA-4183-ACAD-8ED22DCB1F6C/0/2013KentuckyElderAbuseReportV32014.pdf>

Signs of Abuse/Exploitation

- Mail piled up, unpaid bills
- Sudden/unexplained banking behavior changes
- Bank accounts emptied
- Abrupt changes in a will or financial document
- Disappearance of funds/valuables
- New companion, adviser or power of attorney making financial decisions
- Caregiver paid too much or too often
- Excitement about winning sweepstakes/lottery

Who Commits Fraud/Exploitation?

- Caregivers or family members
 - Use older adult's personal materials for own gain, such as: retirement funds, social security checks, etc.
- Trusted financial advisers
 - Sell inappropriate annuities or front-end loaded mutual funds, then churns them to generate inordinately high fees that can result in dwindling assets
- Strangers
 - Scams by phone, email, or mail

What Are Securities?

- Securities are documents/contracts that establish an investment that is expected to profit in some manner
- Securities fraud takes many forms:
 - Fraudulent product/offering
 - Unsuitable investments for investor
 - Unlicensed adviser/broker
 - Unregistered product
 - Theft/misappropriation of funds

Common Investment Fraud Schemes

- Unsuitable investments
- Ponzi Scheme
- Oil and gas scams
- “Free-lunch” seminars
- Internet scams/social networking scams
- Unlicensed individuals/unregistered products
- Abusive sales practices
- Fraudulent products
- Affinity fraud
 - Scam technique
 - Preys upon members of identifiable groups
 - Relies on trust

Red Flag “Promises”

- Profit guaranteed!
- High return – no risk!
- For YOU only
- Today only (“limited time”)
- Pay a fee now to “secure” the deal (advance payment)
- “Cash only”
- Make the check out to me
- I’ll get you the paperwork later
- Trust me! (affinity fraud)

Other Red Flags

- Offers too good to be true
- Inability to contact a company representative with questions
- Charging a fee for credit counseling/repair
- Requesting personal information over the phone/Internet
- Unlicensed advisers, brokers, or lenders

Prevention Is Important

- Current resources exist for patients only AFTER harm occurs; little is available to prevent fraud
- Financial abuse is not obvious – have to ask to find out
- Vulnerable population is large and growing
- Financial health affects overall health
- Elders can't afford to lose their money in a scam
 - Almost a third of elders live within 150% of poverty level
 - Average savings of 50-year-old Boomers is about \$50,000
 - Even those with more savings can't afford to lose substantial amounts, as they don't have the time to make it up

How Clinicians Can Help Prevent Fraud

- Simple office-based assessments of potential vulnerability
- Add questions to patients' waiting room paperwork
- Ask assessment questions during visit using Clinician's Pocket Guide
- Referral sources for those deemed potentially at high risk

Pocket Guide on Elder Investment Fraud and Financial Exploitation

Should I be concerned?

Red Flags in patient/client history:

- ☐ Social Isolation
- ☐ Bereavement
- ☐ Dependence on another to provide care
- ☐ Financially responsible for adult child or spouse
- ☐ Alcohol or drug abuse
- ☐ Depression or mental illness

Red Flags from clinical observations:

- ☐ Cognitive problems
- ☐ Fearful, emotionally labile, or distressed
- ☐ Suspicious, delusional
- ☐ Change in appearance, poor hygiene
- ☐ Accompanied by caregiver who is overly protective; dominates patient/client
- ☐ Change in ability to perform activities of daily living, including self-care, daily finances, medication management



Add Fraud to the Geriatric Checklist

PRESCRIPTION FOR PREVENTION

PATIENT NAME: _____ D.O.B: _____
DATE: _____

Rx

- ☒ Check Blood Pressure
- ☒ Monitor Blood Sugar
- ☒ Discuss Dangers of Financial Fraud

_____, MD
_____, INSTITUTE

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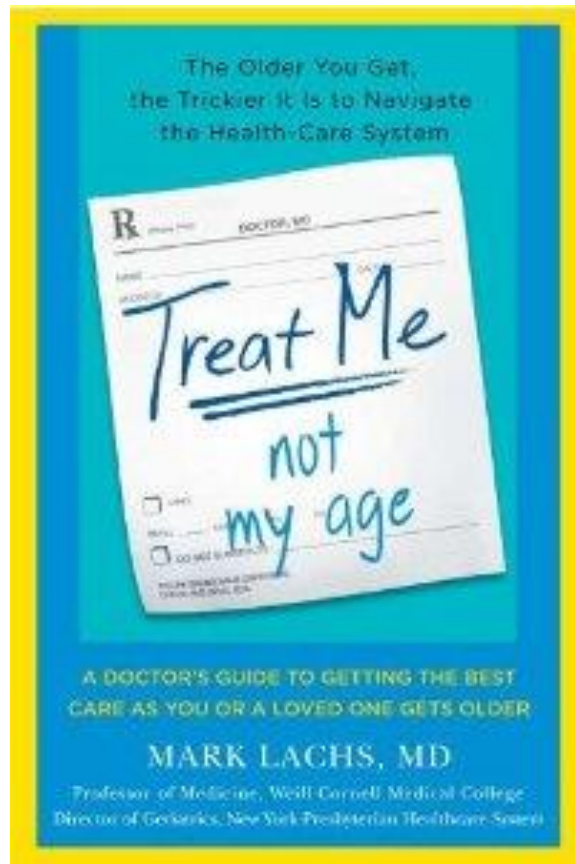
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Introducing the Issue to Your Patients

- “We find that some older adults worry about money; may I ask you a few questions about this?”
- “I just read a newspaper article about elders being financially exploited and thought I ought to talk to my mother and my patients, too.”
- What other opening questions do you think would be good ones?
- Other questions provided in Clinician’s Pocket Guide

Immunize Against Bad Financial Decisions



- Citing published works helps patients and their caregivers appreciate your concerns.
- Chapters 17 and 18 in geriatrician Mark Lach's book deal with aging and money issues.

Types of Referral

- Financial
 - Needs help with managing money or other care tasks
 - Poor resource management or limited resources available; needs assistance with finances, meals, transportation, ADLs
- Legal advice or protection
 - Needs assistance with financial planning or legal documentation
 - Fraud and exploitation may have occurred
 - Needs legal counsel
- Further medical evaluation
 - Needs assessment for cognitive, neurological or other conditions

Financial Referral/Reporting

- Report securities (and lending) fraud to DFI
 - 800-223-2579 <http://kfi.ky.gov>
- Report insurance fraud to the KY Department of Insurance
 - 800-595-6053 or 502-564-3630, TTY 800-648-6056
<http://insurance.ky.gov/>
- Report credit/other fraud to the Consumer Financial Protection Bureau
 - 855-411-2372 www.consumerfinance.gov/contact-us/
- Additional investing contacts:
 - FINRA BrokerCheck www.finra.org/brokercheck
 - SEC Investment Adviser www.adviserinfo.sec.gov
 - KY Dept. of Insurance <http://insurance.ky.gov>
 - SEC's EDGAR Database www.sec.gov/edgar.shtml

Legal Referral/Reporting

- National Academy of Elder Law Attorneys (NAELA)
 - www.naela.org
- Access to Justice Foundation – Legal helpline for older Kentuckians
 - 800-200-3633 www.ajfky.org
- United Way – 211 local hotline
 - www.211.org
- Legal Aid Society
 - 502-584-1254 <http://www.laslou.org/>
- Attorney General's Office
 - 502-696-5300 <http://ag.ky.gov/Pages/protectingseniors.aspx>
- Local Commonwealth Attorney's Office
 - <http://ag.ky.gov/criminal/pac/Pages/default.aspx>

Medical Referral

- National Association of Professional Geriatric Care Managers
 - www.caremanager.org
- Case Management Society of America
 - www.cmsa.org

Report Abuse/Financial Exploitation

- Report elder abuse/financial exploitation to Adult Protective Services and/or local authorities
- Elder Abuse Hotline:
 - 800-752-6200
- Adult Protective Services (APS)
 - 502-564-7043 <http://chfs.ky.gov/dcbs/dpp/Adult+Safety+Branch.htm>
- Kentucky Long-Term Care Ombudsman Program
 - 800-372-2973 or 800-627-4702 (TTY)
<http://chfs.ky.gov/os/omb/default.htm>

How To Avoid Scams – 4 Easy Steps

1. End calls

- Register on Do Not Call List www.donotcall.gov or 888-382-1222
- Be skeptical of unsolicited calls

2. “Just say NO”

- Have a refusal script/plan to get off the phone
- Have a “buddy” to help get out of high-pressure situation

3. Cool off

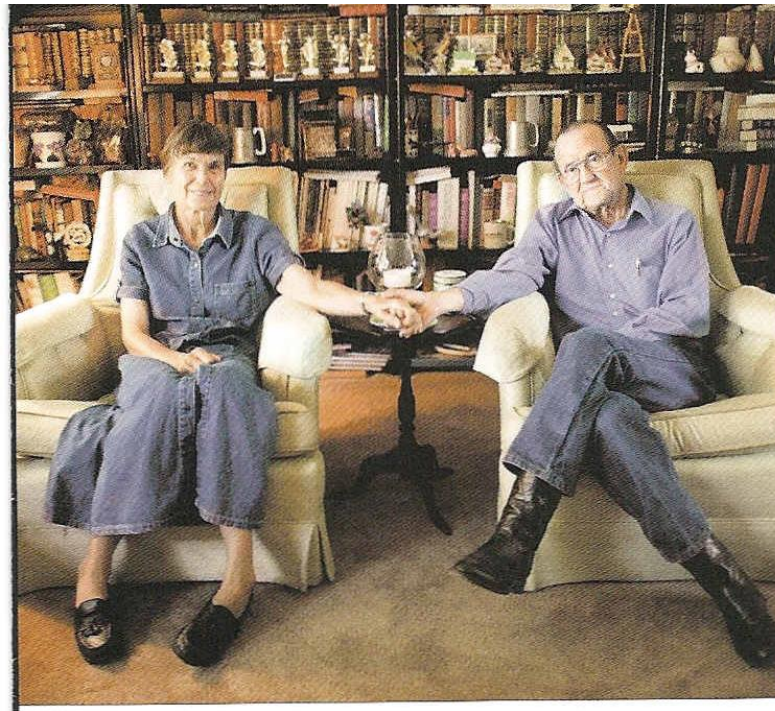
- Take your time/wait before buying
- Don’t trust testimonials & beware of investment “hot tips”

4. Check it out

- Do your homework before signing any contract
- Get it in writing & read the fine print
- Check out the source & check references
- Provide accurate information
- Know your right to cancel

Final Tip: No Need To Be Nice!

One day a nice man called Edna and Bob and offered them a low-risk investment with a guaranteed high rate of return ...



THEY TOLD HIM TO STICK IT IN HIS EAR!

Questions?



<http://kfi.ky.gov>

800-223-2579



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